

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 COME-00 L-03 SP-02 CIAE-00 INR-07

NSAE-00 AID-05 IGA-02 /037 W
----- 114387

R 210630Z SEP 76

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 5838

C O N F I D E N T I A L COLOMBO 3538

E.O. 11652: GDS

TAGS: EINV, CE

SUBJECT: PFIZER PHARMACEUTICALS IN SRI LANKA

REF: STATE 229212

1. DURING JULY 28 MEETING, INDUSTRIES SECRETARY NEAL BANDARANAIKE REFUSED TO EXTEND ROGER BEHRENHAUSEN'S VISA BEYOND DECEMBER 31 BUT MADE POINT OF SUGGESTING THAT BEHRENHAUSEN APPEAL DECISION TO INDUSTRIES MINISTER SUBASINGHE. IN AUGUST 3 LETTER TO BEHRENHAUSEN, AMBASSADOR SAID APPEAL SEEMED NEXT LOGICAL STEP AND SUGGESTED IT BE MADE BY SENIOR PFIZER OFFICIAL TO DEMONSTRATE COMPANY'S CONCERN. (SENIOR OFFICIAL COULD BE PFIZER REGIONAL VICE PRESIDENT IN HONG KONG.) AMBASSADOR ALSO POINTED OUT THAT BEFORE EMBASSY COULD INTERVENE, PFIZER SHOULD EXHAUST ALL LEGAL REMEDIES AND, IF DECISION STILL AGAINST COMPANY, SHOW THAT PFIZER BEING DISCRIMINATED AGAINST AS AN AMERICAN FIRM. WE CONTINUE TO BELIEVE THIS IS MOST APPROPRIATE COURSE OF ACTION.

2. AS FAR AS WE HAVE BEEN ABLE TO DETERMINE, GSL HAS NEVER GUARANTEED PFIZER (OR ANY OTHER FOREIGN COMPANY) RIGHT TO HAVE EXPATRIATE MANAGER. WHILE SOME FOREIGN FIRMS HERE DO HAVE EXPATRIATE MANAGERS, ALL OTHER FOREIGN-OWNED PHARMACEUTICAL COMPANIES AND ALL OTHER AMERICAN FIRMS HAVE LOCAL MANAGERS OR DIRECTORS.

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3. ALTHOUGH PERSONALITY CONFLICTS MAY HAVE PLAYED A

PART IN PFIZER'S TROUBLES DURING WILLIAMS TENURE AS
MANAGER, WE HAVE SEEM NO EVIDENCE THAT BEHRANHAUSEN
HAVING SIMILAR PROBLEMS. IT IS GSL POLICY TO PUSH
FOR LOCAL MANAGEMENT OF FOREIGN COMPANIES AND PFIZER
HAD LOCAL MANAGER 1965-69. PFIZER HAS REPEATEDLY
TOLD GSL IT PREPARED TO APPOINT ANOTHER LOCAL, BUT HAS
ARGUED THAT THERE WAS NO QUALIFIED SRI LANKAN AVAIL-
ABLE. IN CONVERSATION WITH EMBOFF, HOWEVER,
BEHRENHAUSEN ADMITTED THAT PFIZER HAS HAD AT LEAST TWO
QUALIFIED SRI LANKAN EMPLOYEES WHO LEFT FOR BETTER JOBS.
HE ALSO MENTIONED ANOTHER SRI LANKAN WHO WAS QUALIFIED
BUT WHO ALREADY HAD BETTER JOB MANAGING ANOTHER
FOREIGN PHARMACEUTICAL COMPANY HERE. PROBLEM APPEARS
NOT SO MUCH LACK OF QUALIFIED PEOPLE, BUT RATHER
PFIZER'S INABILITY TO ATTRACT AND HOLD THOSE WHO ARE
AVAILABLE. BEHRENHAUSEN SAID ONE DIFFICULTY IS THAT
OTHER FOREIGN COMPANIES GIVE THEIR LOCAL EXECUTIVES
SECRET HARD CURRENCY PAYMENTS WHICH PFIZER REFUSES TO
DO.

4. INDUSTRIES MINISTRY HAS APPARENTLY DECIDED PFIZER
HAS HAD ENOUGH TIME TO HIRE OR TRAIN A SRI LANKAN
FOR MANAGER'S JOB AND IS NOW GETTING TOUGH. WE DOUBT
"INFORMAL" APPROACH BY EMBASSY TO EITHER
BANDARANAIKE OR SUBASINGHE WOULD HELP PFIZER'S CASE,
PARTICULARLY SINCE PFIZER HAS NOT YET ACTED ON
BANDARANAIKE'S APPEAL SUGGESTION. WE WOULD PREFER
WAIT UNTIL APPEAL HAS BEEN MADE AND THEN, ON BASIS OF
OUTCOME, REASSESS SITUATION.
REED

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUSINESSMEN, DRUGS, BUSINESS VISAS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976COLOMB03538
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760356-0432
From: COLOMBO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760938/aaaabgpa.tel
Line Count: 91
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 STATE 229212
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 26 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 MAY 2004 by BoyleJA>; APPROVED <20 SEP 2004 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PFIZER PHARMACEUTICALS IN SRI LANKA
TAGS: EINV, CE, PFIZER, (BEHRENSHAUSEN, ROGER)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006